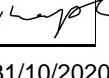


Planning by	Reviewed	Performed by	Final review
			 31/10/2020



West Rand Development Agency
(Registration number 2005/005372/07)
Annual Financial Statements
for the year ended 30 June 2020

West Rand Development Agency

(Registration number 2005/005372/07)

Annual Financial Statements for the year ended 30 June 2020

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Municipal entity
Nature of business and principal activities	The West Rand Development Agency (WRDA) was created as a focused response to the challenges faced by West Rand Regional municipalities in fulfilling their developmental local government role; and to be the economic development agency for the West Rand region. It was established for the express and sole purpose of assisting the West Rand District Municipality (WRDM) to achieve global standards of economic growth and development for all within the jurisdiction of the WRDM. The WRDA is regulated by the Municipal Systems Act (Act 32 of 2000) and the Municipal Finance Management Act (Act 56 of 2003). It was established through Council Resolution and in terms of the new Companies Act of 2008; the organization is a State Owned Company (SOC Ltd) with effect from 1 May 2011.
Directors	Z. Mphaphuli (Acting Chief Executive Officer) M. Mohlakoana (Non-Executive Director) L. Mpambani (Chairperson of Audit, Finance & Risk Committee) E. Mokhine (Chairperson of Human Resources & Remuneration Committee) B. Friedman (Chairperson of Economic Development & Investment Committee)
Registered office	22 Stubbs Street Randfontein 1760
Business address	25 Boshoff street Krugersdorp 1740
Controlling entity	West Rand District Municipality
Bankers	First National Bank
Auditors	Auditor General - South Africa Chartered Accountants (S.A.) Registered Auditors
Company registration number	2005/005372/07
Tax reference number	9267870153
Preparer	The annual financial statements were internally compiled by: Samuel Ramaele CFO of Parent Municipality

West Rand Development Agency

(Registration number 2005/005372/07)

Annual Financial Statements for the year ended 30 June 2020

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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MBRR	Municipal Budget and Reporting regulations
MPAC	Municipal Public accounts committee
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
mSCOA	Municipal Standard Chart of Accounts
GGDA	Gauteng Growth and Development Agency
IAS	International Accounting Standards
GIFA	Gauteng Infrastructure Financing Agency
GDARD	Gauteng Department of Agriculture and rural development
ME's	Municipal Entities
MMC	Member of the Mayoral committee
MFMA	Municipal Finance Management Act
IDC	Industrial Development Corporation
CIGFARO	Chartered Institute of Government Financial, Audit and Risk officers
IFRS	International Financial Reporting Standards
WRDM	West Rand District Municipality

West Rand Development Agency

(Registration number 2005/005372/07)

Annual Financial Statements for the year ended 30 June 2020

Board's Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP)

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the entity's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the West Rand District municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity will not be a going concern in future and that the Council of West Rand District municipality has approved an item to unwind the entity due to its financial challenges and being wholly dependent on the Parent municipality. West Rand District municipality has been placed under Provincial intervention in terms of section 139 of MFMA. One of the critical requirements of the financial recovery plan is to suspend annual subsidy given to the entity, being a sole funding source of the entity's short term obligations.

Although the board are primarily responsible for the financial affairs of the entity, they are supported by the entity's internal auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 38, which have not been prepared on the going concern basis, were approved by the board on 31 October 2020 and were signed on its behalf by:


**M. Mohlakoana (Non-Executive Director)
Acting Chairperson of the Board Committee**

West Rand Development Agency

(Registration number 2005/005372/07)

Annual Financial Statements for the year ended 30 June 2020

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2020.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 3 times per annum as per its approved terms of reference. During the current year four (4) number of meetings were held.

Name of member	Number of meetings attended
L. Mpambani (Chairperson)	4
G. Masobe (Member)	4
E. Mokhine (Member)	4
L. Hibbert (Member)	4
J. Mohlakoana (Member)	4

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

Evaluation of annual financial statements

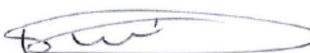
The audit committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General and the board;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.



Chairperson of the Audit Committee

Date: 31 OCTOBER 2020

West Rand Development Agency

(Registration number 2005/005372/07)

Annual Financial Statements for the year ended 30 June 2020

Director's Report

The directors submit their report for the year ended 30 June 2020.

1. Incorporation

The entity was incorporated on 17 February 2005 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

3. Going concern

We draw attention to the fact that at 30 June 2020, the entity had an accumulated surplus (deficit) of R (6 269 740) and that the entity's total assets exceed its liabilities by R 8 308 788.

The ability of the entity to continue as a going concern is questionable based on the item approved by Council of the Parent municipality on 29 June 2020 to unwind the entity based on its negative financial situation.

Please refer to note 32 (Going concern)

4. Subsequent events

The directors have taken all events, matters and /or circumstances arising after year end in preparing and presenting the annual financial statements.

5. Directors' interest in contracts

The director's did not have interest in any contracts of the WRDA.

6. Accounting policies

The annual financial statements prepared in accordance prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

7. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

The share premium of R14 578 428 arose in 2008 when 100 ordinary shares with a par value of R1 per share were subscribed for at a value of R14,578,528 represented by the transfer of assets by WRDM to WRDA.

8. Board

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
Z. Mphaphuli (Acting Chief Executive Officer)	South African	
T. Mokale (Chairperson of the board committee)	South African	Resigned Tuesday, 30 June 2020
M. Mohlakoana (Non-Executive Director)	South African	
L. Mpambani (Chairperson of Audit, Finance & Risk Committee)	South African	
E. Mokhine (Chairperson of Human Resources & Remuneration Committee)	South African	
P. Nodada (Chairperson of Projects & Procurement Committee)	South African	Resigned Tuesday, 30 June 2020
L. Hibbert (Non-Executive Director)	South African	Resigned Tuesday, 30 June 2020
B. Friedman (Chairperson of Economic Development & Investment Committee)	South African	
J.E. Sloan (Non-Executive Director)	South African	Resigned Tuesday, 30 June 2020

West Rand Development Agency

(Registration number 2005/005372/07)

Annual Financial Statements for the year ended 30 June 2020

Director's Report

G. Sebola (Non-Executive Director)

South African

Resigned Tuesday, 30 June 2020

9. Board Member and Executive Managers Emoluments

Whole owned subsidiary

	Acting allowance	Board fee	Total package 2020	Total package 2019
Non-Executive Members				
T. Mokale (Chairperson of the board committee)	-	45 000	45 000	55 000
L. Mpambani (Chairperson of Audit, Finance & Risk Committee)	-	78 000	78 000	70 000
E. Mokhine (Chairperson of Human Resources & Remuneration Committee)	-	79 000	79 000	90 000
B. Friedman (Chairperson of Economic Development & Investment Committee)	-	80 500	80 500	105 000
L. Hibbert (Non-Executive Director)	-	70 500	70 500	76 500
J. Mohlakoana (Non-Executive Director)	-	66 000	66 000	69 000
J. Sloan (Non-Executive Director)	-	67 500	67 500	94 500
A. Masiu (Member of subcommittee)	-	46 500	46 500	60 000
L. Brits (Member of subcommittee)	-	3 000	3 000	36 000
G. Masobe (Member of subcommittee)	-	28 500	28 500	29 500
	-	564 500	564 500	685 500

Executive Managers

Z. Mphaphuli (Acting Chief Executive Officer)	658 651	-	658 651	618 452
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10. Controlling entity

The entity's controlling entity is West Rand District Municipality incorporated in (If not in the RSA).

11. Bankers

The entity primarily banks with First National Bank.

12. Auditors

Auditor General - South Africa will continue in office for the next financial period.

West Rand Development Agency

(Registration number 2005/005372/07)

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Other receivables	3	-	2 229 997
Cash and cash equivalents	4	3 435 878	4 763 434
		3 435 878	6 993 431
Non-Current Assets			
Property, plant and equipment	5	12 100 165	12 710 538
Intangible assets	6	1	1
		12 100 166	12 710 539
Total Assets		15 536 044	19 703 970
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	3 597 436	3 294 655
Transfers payable (non-exchange)	9	2 000 000	2 000 000
VAT payable	10	1 629 820	1 682 548
		7 227 256	6 977 203
Total Liabilities		7 227 256	6 977 203
Net Assets		8 308 788	12 726 767
Share capital / contributed capital	11	14 578 528	14 578 528
Accumulated deficit		(6 269 740)	(1 851 761)
Total Net Assets		8 308 788	12 726 767

West Rand Development Agency

(Registration number 2005/005372/07)

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	13	275 308	344 796
Interest income	14	232 484	184 878
Total revenue from exchange transactions		507 792	529 674
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	15	-	4 138 520
Total revenue		12	507 792
Expenditure			
Employee related costs	16	(2 392 082)	(2 469 146)
Board remuneration	16&17	(564 500)	(685 500)
Depreciation and amortisation	18	(148 071)	(159 933)
Interest costs	21	(281 422)	(141 362)
Lease rentals on operating lease	22	(174 000)	(174 224)
Contracted services	23	(225 030)	(256 979)
Operating costs	24	(678 371)	(2 256 799)
Total expenditure		(4 463 476)	(6 143 943)
Operating deficit			
Loss on disposal of assets and liabilities	19	(3 955 684)	(1 475 749)
Impairment loss	20	(2)	(27 192)
		(462 300)	(27 192)
Deficit for the year		(4 417 984)	(1 502 941)

West Rand Development Agency

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Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

Figures in Rand		Share capital / Share premium contributed capital	Total share capital	Accumulated deficit	Total net assets
Balance at 01 July 2018	100	14 578 428	14 578 528	(348 820)	14 229 708
Changes in net assets					
Deficit for the year	-	-	-	(1 502 941)	(1 502 941)
Total changes	-	-	-	(1 502 941)	(1 502 941)
Opening balance as previously reported	100	14 578 428	14 578 528	(1 721 834)	12 856 694
Adjustments					
Prior year adjustments (refer to note 30)	-	-	-	(129 922)	(129 922)
Restated* Balance at 01 July 2019 as restated*	100	14 578 428	14 578 528	(1 851 756)	12 726 772
Changes in net assets					
Deficit for the year	-	-	-	(4 417 984)	(4 417 984)
Total changes	-	-	-	(4 417 984)	(4 417 984)
Balance at 30 June 2020	100	14 578 428	14 578 528	(6 269 740)	8 308 788
Note(s)	11	11	11		

West Rand Development Agency

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Annual Financial Statements for the year ended 30 June 2020

Cash Flow Statement

Figures in Rand

Note(s) 2020

2019
Restated*

Cash flows from operating activities

Receipts

Sale of goods and services	339 430	391 290
Grants and subsidies	2 200 000	2 200 000
Interest income	232 484	160 106
Other receipts	-	108 458
	2 771 914	2 859 854

Payments

Employee costs	(3 074 314)	(3 096 103)
Suppliers of goods and services	(1 025 157)	(2 343 094)
	(4 099 471)	(5 439 197)
Net cash flows from operating activities	27	(1 327 557)

Cash flows from investing activities

Purchase of property, plant and equipment	5	-	(16 850)
Proceeds from sale of property, plant and equipment	5	1	5 260 125
Net cash flows from investing activities		1	5 243 275

Cash flows from financing activities

Loan to Parent municipality	(5 000 000)	-
Repayment of loan from Parent municipality	5 000 000	-
Net cash flows from financing activities		-
Net increase/(decrease) in cash and cash equivalents	(1 327 556)	2 663 932
Cash and cash equivalents at the beginning of the year	4 763 434	2 099 502
Cash and cash equivalents at the end of the year	4	3 435 878
		4 763 434

West Rand Development Agency

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Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	218 459	49 000	267 459	275 308	7 849	A
Licences and permits	1 800 082	(1 800 082)	-	-	-	
Interest income	81 459	(40 000)	41 459	232 484	191 025	B
Total revenue from exchange transactions	2 100 000	(1 791 082)	308 918	507 792	198 874	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	3 900 000	(3 900 000)	-	-	-	
Total revenue	6 000 000	(5 691 082)	308 918	507 792	198 874	
Expenditure						
Personnel	(2 747 000)	131 000	(2 616 000)	(2 392 082)	223 918	C
Board remuneration	(793 000)	93 000	(700 000)	(564 500)	135 500	D
Depreciation and amortisation	(523 000)	-	(523 000)	(148 071)	374 929	E
Impairment loss/ Reversal of impairments	-	-	-	(462 298)	(462 298)	E
Finance costs	-	-	-	(281 422)	(281 422)	F
Lease rentals on operating lease	(175 000)	-	(175 000)	(174 000)	1 000	
Contracted Services	(230 000)	-	(230 000)	(225 030)	4 970	G
Operating costs	(4 108 000)	3 800 000	(308 000)	(678 371)	(370 371)	H
Total expenditure	(8 576 000)	4 024 000	(4 552 000)	(4 925 774)	(373 774)	
Operating deficit	(2 576 000)	(1 667 082)	(4 243 082)	(4 417 982)	(174 900)	
Loss on disposal of assets and liabilities	-	-	-	(2)	(2)	
Deficit before taxation	(2 576 000)	(1 667 082)	(4 243 082)	(4 417 984)	(174 902)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(2 576 000)	(1 667 082)	(4 243 082)	(4 417 984)	(174 902)	

West Rand Development Agency

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Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	3 900 000	(1 700 000)	2 200 000	2 200 000	-	
Interest income	81 000	(39 000)	42 000	232 484	190 484	B
Other receipts	2 018 000	(1 751 000)	267 000	339 430	72 430	A
	5 999 000	(3 490 000)	2 509 000	2 771 914	262 914	
Payments						
Employee costs	(3 540 000)	224 000	(3 316 000)	(3 074 314)	241 686	C
Suppliers	(4 513 000)	3 805 000	(708 000)	(1 025 156)	(317 156)	H
	(8 053 000)	4 029 000	(4 024 000)	(4 099 470)	(75 470)	
Net cash flows from operating activities	(2 054 000)	539 000	(1 515 000)	(1 327 556)	187 444	
Cash flows from investing activities						
Purchase of property, plant and equipment	(50 000)	-	(50 000)	-	50 000	I
Cash flows from financing activities						
Loan to Parent municipality	-	-	-	(5 000 000)	(5 000 000)	J
Repayment of loan from Parent municipality	-	-	-	5 000 000	5 000 000	J
Net cash flows from financing activities	-	-	-	-	-	
Net increase/(decrease) in cash and cash equivalents	(2 104 000)	539 000	(1 565 000)	(1 327 556)	237 444	
Cash and cash equivalents at the beginning of the year	2 528 000	2 235 000	4 763 000	4 763 434	434	
Cash and cash equivalents at the end of the year	424 000	2 774 000	3 198 000	3 435 878	237 878	

West Rand Development Agency

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Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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A- over collection on rental of facilities relates to Donaldson Dam revenue where there was a venue hire of more than R70,000 for Golden West.

B- over collection on interest received relates to interest on loan granted to Parent municipality at a borrowing rate of 10.25% in November 2019, interest on call investments at the investment rate of 5.5% and interest on favorable bank balance at the rate of 2.5%.

C- under spending on employee related cost relates to decrease in number of employees as one of the highest paid employees died in December 2019 and the reduction on number of leave days for existing employees due to leave days taken.

D- under spending on board remuneration relates to the limited number of board meetings held during 2019/2020 financial year.

E- under spending on depreciation relates to number of assets with life span coming to end and needs to be reviewed as per the accounting policy. Due to the perpetual vandalism at the Donaldson Dam, the Palisade wall (asset number: X05913) in the Fixed Asset Register has been proposed for impairment.

F- over spending on finance cost relates to interest charged on overdue account by Rand West City Local municipality and the entity is presently disputing the amount owed to the municipality for municipal levies..

G- under spending on contracted services relates to projected savings realised as per the COVID-19 lockdown restrictions for three months (April, May and June 2020)

H- over spending on other expenditure relates to the municipal levies account being disputed by the municipality, cost of bereavement due to the employee who died on 31 December 2019 and cost of audit fees which were not budgeted for.

I- non spending of capital assets relates to computer equipment which was budgeted for but was not spent due to the impact of COVID-19 pandemic.

J- The entity entered into a loan agreement with the Parent municipality at the borrowing rate of 10.25% where the entity assisted the Parent municipality financially in order to pay their obligations. The loan was repaid within 30 days from the date of lending the Parent municipality.

The accounting policies on pages 17 to 22 and the notes on pages 23 to 38 form an integral part of the annual financial statements.

West Rand Development Agency

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Annual Financial Statements for the year ended 30 June 2020

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2020											
Financial Performance											
Interest income	81 459	(40 000)	41 459			41 459	232 484		191 025	561 %	285 %
Transfers recognised - operational	3 900 000	(3 900 000)	-			-	-		-	- %	- %
Other own revenue	2 018 541	(1 751 082)	267 459			267 459	275 308		7 849	103 %	14 %
Total revenue (excluding capital transfers and contributions)	6 000 000	(5 691 082)	308 918			308 918	507 792		198 874	164 %	8 %
Employee costs	(2 747 000)	131 000	(2 616 000)	-	-	(2 616 000)	(2 392 082)	-	223 918	91 %	87 %
Board remuneration	(793 000)	93 000	(700 000)	-	-	(700 000)	(564 500)	-	135 500	81 %	71 %
Depreciation and asset impairment	(523 000)	-	(523 000)			(523 000)	(610 369)	-	(87 369)	117 %	117 %
Finance charges	-	-	-	-	-	-	(281 422)	-	(281 422)	- %	- %
Other expenditure	(4 513 000)	3 800 000	(713 000)	-	-	(713 000)	(1 077 403)	-	(364 403)	151 %	24 %
Total expenditure	(8 576 000)	4 024 000	(4 552 000)			(4 552 000)	(4 925 776)		(373 776)	108 %	57 %
Surplus/(Deficit)	(2 576 000)	(1 667 082)	(4 243 082)			(4 243 082)	(4 417 984)		(174 902)	104 %	172 %
Surplus (Deficit) after capital transfers and contributions	(2 576 000)	(1 667 082)	(4 243 082)			(4 243 082)	(4 417 984)		(174 902)	104 %	172 %
Surplus/(Deficit) for the year	(2 576 000)	(1 667 082)	(4 243 082)			(4 243 082)	(4 417 984)		(174 902)	104 %	172 %

West Rand Development Agency

(Registration number 2005/005372/07)

Annual Financial Statements for the year ended 30 June 2020

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	(2 054 000)	539 000	(1 515 000)	-		(1 515 000)	(1 327 557)	187 443	88 %	100 %	
Net cash from (used) investing	(50 000)	-	(50 000)	-		(50 000)	1	50 001	- %	- %	
Net increase/(decrease) in cash and cash equivalents	(2 104 000)	539 000	(1 565 000)	-		(1 565 000)	(1 327 556)		237 444	85 %	63 %
Cash and cash equivalents at the beginning of the year	2 528 000	2 235 000	4 763 000	-		4 763 000	4 763 434	434	100 %	188 %	
Cash and cash equivalents at year end	424 000	2 774 000	3 198 000	-		3 198 000	3 435 878		(237 878)	107 %	810 %

West Rand Development Agency

(Registration number 2005/005372/07)

Annual Financial Statements for the year ended 30 June 2020

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2019				
Financial Performance				
Interest income			184 878	
Transfers recognised - operational Other own revenue			4 138 520	344 796
Total revenue (excluding capital transfers and contributions)			4 668 194	
Employee costs	-	-	-	(2 469 146)
Board remuneration	-	-	-	(685 500)
Depreciation and asset impairment	-	-	-	(159 933)
Finance charges	-	-	-	(141 362)
Other expenditure	-	-	-	(2 715 194)
Total expenditure	-	-	-	(6 171 135)
Surplus/(Deficit)				(1 502 941)
Surplus/(Deficit) for the year				(1 502 941)
Cash flows				
Net cash from (used) operating			(2 579 343)	
Net cash from (used) investing			5 243 275	
Net increase/(decrease) in cash and cash equivalents			2 663 932	
Cash and cash equivalents at the beginning of the year			2 099 502	
Cash and cash equivalents at year end			4 763 434	

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

The entity has complied with Municipal standard chart of accounts (mSCOA) in terms of mSCOA regulations. The primary objective of mSCOA is to achieve an acceptable level of uniformity and quality from the collection of data. The data is then used to compile both budgets and financial statements. Budget and financial transactions are captured in the system using seven segments code. All municipalities and municipal entities were expected to comply from the 1st July 2017.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note Changes in accounting policy.

1.1 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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Accounting Policies

1.1 Property, plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	30
Plant and machinery	Straight line	4 - 15
Furniture and fixtures	Straight line	4 - 18
Office equipment	Straight line	10
IT equipment	Straight line	5 - 17
Security	Straight line	10 - 25
Roads	Straight line	20
Emergency Equipment	Straight line	5

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.2 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Amortisation method	Average useful life
Computer software	Straight line	3-5 years

1.3 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

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Accounting Policies

1.3 Impairment of cash-generating assets (continued)

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

[Specify judgements made]

1.4 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

Revenue from exchange transactions (continued)

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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Accounting Policies

Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Grants and subsidies in-kind

Grants and subsidies in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.5 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	01 April 2099	Unlikely there will be a material impact
• Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2020	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material impact
• IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact
• Directive 13: Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges	01 April 2020	Unlikely there will be a material impact
• Directive 7 (revised): The Application of Deemed Cost	01 April 2020	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2020	Unlikely there will be a material impact

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3. Other receivables

Deductions from Receiver of Receiver relates to PAYE, UIF and SDL concerning the amounts which were deducted from the entity's bank account. The entity has lodged a query with the Receiver of Revenue concerning this issue since in terms of the statement of account the entity did not owe anything and still awaiting for response.

Other receivables from non-exchange transactions

Subsidy from WRDM	-	2 200 000
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Other receivables from exchange transactions

Rental debtor	-	5 225
Accrued interest	-	24 772
	-	29 997

Other receivables

Other receivables from non-exchange transactions	-	2 200 000
Other receivables from exchange transactions	-	29 997
	-	2 229 997

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	435	351
Bank balances	25 632	252 294
Short-term deposits	3 409 811	4 510 789
	3 435 878	4 763 434

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
First National Bank - Cheque account	24 322	(2 322)	-	25 632	(2 322)	-
First National Bank - Call account	3 409 811	-	-	3 409 811	-	-
Standard Bank - Current account	-	114 160	2 097 124	-	254 619	2 097 124
Standard Bank - Call account	-	4 510 789	1 683	-	4 510 789	1 683
Petty cash	-	-	-	435	351	695
Total	3 434 133	4 622 627	2 098 807	3 435 878	4 763 437	2 099 502

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5. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	10 693 880	-	10 693 880	10 693 880	-	10 693 880
Buildings	5 902 992	(5 153 388)	749 604	5 902 992	(5 120 824)	782 168
Plant and machinery	237 253	(223 681)	13 572	234 240	(213 910)	20 330
Furniture and fixtures	516 714	(455 173)	61 541	519 872	(428 300)	91 572
IT equipment	282 645	(274 229)	8 416	292 745	(269 100)	23 645
Security	3 972 545	(3 710 931)	261 614	3 972 545	(3 208 272)	764 273
Leased Assets	88 164	(88 164)	-	88 164	(88 164)	-
Roads	1 683 600	(1 409 915)	273 685	1 683 600	(1 388 884)	294 716
Electrical reticulation	325 590	(287 737)	37 853	325 590	(285 636)	39 954
Total	23 703 383	(11 603 218)	12 100 165	23 713 628	(11 003 090)	12 710 538

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5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Disposals	Depreciation	Impairment loss	Total
Land	10 693 880	-	-	-	10 693 880
Buildings	782 168	-	(32 564)	-	749 604
Plant and machinery	20 330	-	(6 758)	-	13 572
Furniture and fixtures	91 572	(1)	(30 030)	-	61 541
IT equipment	23 645	(2)	(15 227)	-	8 416
Security	764 273	-	(40 361)	(462 298)	261 614
Roads	294 716	-	(21 031)	-	273 685
Electrical Reticulation	39 954	-	(2 101)	-	37 853
	12 710 538	(3)	(148 072)	(462 298)	12 100 165

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Land	10 693 880	-	-	-	10 693 880
Buildings	843 054	-	(27 193)	(33 693)	782 168
Plant and machinery	43 146	-	-	(22 816)	20 330
Furniture and fixtures	122 197	-	-	(30 625)	91 572
IT equipment	16 037	16 850	-	(9 242)	23 645
Security	804 634	-	-	(40 361)	764 273
Roads	315 747	-	-	(21 031)	294 716
Electrical Reticulation	42 055	-	-	(2 101)	39 954
	12 880 750	16 850	(27 193)	(159 869)	12 710 538

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

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6. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	111 815	(111 814)	1	111 815	(111 814)	1

Reconciliation of intangible assets - 2020

	Opening balance	Total
Computer software	1	1

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software	61	(60)	1

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7. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax asset \ (liability)

At beginning of year			
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	95 136	248 117	-
Increases (decrease) in valuation allowance of deferred tax asset	(95 136)	(248 117)	-
	-	-	-

Make up of Deferred Taxation Balance 2020	Balance at the beginning off year	Charge/ (credit) for the year	Balance at end of year
Property, plant and Equipment	264 509	(166 183)	98 326
Provision for leave pay	(16 392)	13 202	(3 190)
Estimated tax loss utilised	(248 117)	152 981	(95 136)
	-	-	-

Make up of Deferred Taxation Balance 2019	Balance at the beginning off year	Charge/ (credit) for the year	Balance at end of year
Property, plant and Equipment	(712 648)	977 157	264 509
Provision for leave pay	(25 087)	8 695	(16 392)
Estimated tax loss utilised	737 735	(985 852)	(248 117)
	-	-	-

8. Payables from exchange transactions

Trade payables (1)	3 415 080	3 016 595
Leave pay provision	159 531	148 138
Income received in advance (2)	22 825	-
Third parties outstanding	-	129 922
	3 597 436	3 294 655

(1) Included in trade payables is R3 405 640 accrued for municipal levies from Rand West City Local Municipality. This account reflected a payable of R3 001 189 at 01 July 2019. The account is presently under dispute as it does not reflect the consumption made by the entity at Donaldson Dam. The entity engaged with officials at Rand West City Local Municipality and Gauteng Provincial Treasury has intervened on the matter.

(2) Amount included under income received in advance relates to rental received from AfriGold for the months from July to November 2020.

9. Transfers payable (non-exchange)

Transfers payable	2 000 000	2 000 000
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The grant was originally gazetted to West Rand District Municipality from Gauteng Department of Agriculture and rural development. West Rand Development Agency was therefore appointed to be an implementing agent through the Council resolution of the Parent Municipality.

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Annual Financial Statements for the year ended 30 June 2020

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10. VAT payable

VAT payables	1 629 820	1 682 548
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The total vat payable balance at year end comprise of the following:

VAT on Subsidies from WRDM	2 674 793	2 674 793
Other VAT on income and expenses	(1 044 973)	(992 245)
	1 629 820	1 682 548

11. Share capital / contributed capital

Issued			
Ordinary		100	100
Share premium		14 578 428	14 578 428
		14 578 528	14 578 528

The share premium comprises the equity contribution by the WRDM when assets were transferred on establishment of WRDA.

The assets transferred were identified during transitional provision application of GRAP 17 and Directive 4. The value of the assets was correctly accounted for in accordance with Directive 7: The application of deemed cost on the adoption of standards of GRAP.

12. Revenue

Rental of facilities and equipment	275 308	344 796
Interest income	232 484	184 878
Government grants & subsidies	-	4 138 520
	507 792	4 668 194

The amount included in revenue arising from exchanges of goods or services are as follows:

Rental of facilities and equipment	275 308	344 796
Interest income	232 484	184 878
	507 792	529 674

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue		
Government grants & subsidies	-	4 138 520

13. Rental of facilities and equipment

Premises		
Premises	51 173	53 739
Venue hire	60 650	-
	111 823	53 739

Facilities and equipment

Rental of facilities	163 485	291 057
	275 308	344 796

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14. Interest income		
Interest revenue		
Call account	137 010	184 878
Favorable bank balance	68 796	-
Loans to Parent municipality	26 678	-
	232 484	184 878
Interest income relating to inter-company loans, calculated using the effective interest rate of 10.25%, is based on financial assistance provided to Parent municipality on 15 November 2019 and the loan was repaid on 13 December 2019.		
15. Government grants and subsidies		
Operating grants		
Net WRDM contribution	-	4 138 520
16. Employee related costs		
Basic	1 256 397	1 431 451
SDL	23 035	23 787
Leave pay provision charge/ (savings)	94 448	58 543
Bargaining council	1 876	1 114
Acting allowances	1 016 326	954 251
	2 392 082	2 469 146
Remuneration of directors and executive managers		
Board fees - non-executive directors	564 500	685 500
Acting allowances - executive managers	658 651	618 452
	1 223 151	1 303 952
Included above is the remuneration to the Acting CEO and non-executive directors, disclosed below. Further details of directors remuneration is set out on page 6.		
17. Board remuneration		
Board members	564 500	685 500
18. Depreciation and amortisation		
Property, plant and equipment	148 071	159 873
Intangible assets	-	60
	148 071	159 933
19. Gain (loss) on disposal of assets and liabilities		
Loss on sale of asset is calculated as follows:		
Carrying amount of asset at the date of a write off	(2)	(27 192)

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20. Impairment of assets

Impairments

Property, plant and equipment

462 298

Due to the perpetual vandalism at the Donaldson Dam, the Palisade wall (asset number: X05913) in the Fixed Asset Register has been proposed for impairment.

The main classes of assets affected by impairment losses are:

Security Assets

The main events and circumstances that led to the recognition of these impairment losses are as follows:

There was vandalism at the Donaldson Dam, the Palisade wall classified as Security Assets has been proposed for impairment.

21. Interest costs

Interest on municipal account

281 422

141 362

22. Lease rentals on operating lease

Premises

Contractual amounts

174 000

174 224

23. Contracted services

Outsourced Services

Security Services

222 000

242 984

Contractors

Maintenance of Buildings and Facilities

3 030

13 995

225 030

256 979

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24. Operating costs

Advertising	-	44 251
Auditors remuneration	325 876	38 704
Bank charges	15 204	12 669
Consumables	16 627	30 531
Entertainment	759	-
Conferences and seminars (1)	25 443	-
Fuel and oil (2)	1 931	5 020
Printing and stationery	5 127	25 750
Telephone and fax	51 470	58 528
Utilities (3)	230 934	2 041 346
Bereavement (4)	5 000	-
	678 371	2 256 799

(1) Conference and seminars relates to the workshop concerning special economic zone workshop.

(2) Fuel and oil expense relates to fuel used by grass cutters machine at Donaldson dam.

(3) Utilities relates to municipal levies charged by Rand West City Local Municipality at Donaldson dam. Previously the estimates were used to determine service consumption. There is presently an investigation of the readings which were taken to bring the account to the level it is currently in order to confirm that consumption indeed occurred at Donaldson Dam. This may be due to possible water theft and losses, however the account is presently under dispute.

(4) Bereavement relates to the amount paid as gratuity to the family of the deceased employee.

25. Auditors' remuneration

Fees	325 876	38 704
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26. Taxation

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

Accounting deficit	(4 417 984)	(1 502 941)
Tax at the applicable tax rate of 28% (2019: 28%)	(1 237 036)	(420 823)
Tax effect of adjustments on taxable income		
Tax losses carried forward	1 237 036	420 823

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27. Cash used in operations		
Deficit	(4 417 984)	(1 502 941)
Adjustments for:		
Depreciation and amortisation	148 071	159 933
Loss /(gain) on sale of assets and liabilities	2	27 192
Net impairment charge	462 298	-
Accrued interest	-	(24 772)
Other non-cash items	6	(1 028)
Changes in working capital:		
Other receivables	2 229 997	(2 200 003)
Payables from exchange transactions	302 781	890 383
VAT	(52 728)	71 893
	(1 327 557)	(2 579 343)

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28. Financial instruments disclosure

Categories of financial instruments

2020

Financial assets

	At amortised cost	Total
Cash and cash equivalents	3 435 878	3 435 878

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	3 597 436	3 597 436
Transfers payable (non-exchange)	2 000 000	2 000 000
	5 597 436	5 597 436

2019

Financial assets

	At amortised cost	Total
Other receivables	2 229 997	2 229 997
Cash and cash equivalents	4 763 434	4 763 434
	6 993 431	6 993 431

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	3 294 655	3 294 655
Transfers payable (non-exchange)	2 000 000	2 000 000
	5 294 655	5 294 655

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29. Commitments

Authorised operational expenditure

Already contracted for but not provided for

• Twin Knights	119 400	222 000
• Huge Telecom	8 990	17 980
• Sasfin	17 785	35 570
	146 175	275 550

Total operational commitments

Already contracted for but not provided for	146 175	275 550
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Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	87 000	174 000
- in second to fifth year inclusive	-	87 000
	87 000	261 000

Operating lease payments represent rentals payable by the entity for certain of its office properties in Krugersdorp over indefinite life. No contingent rent is payable.

Rental expenses relating to operating leases

Sublease payments	87 000	174 000
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The figures disclosed for both operational and lease commitments in 2019/2020 financial year are projected for the next six (6) months (1 July to 31 December 2020).

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	19 848	51 174
- in second to fifth year inclusive	-	19 848
	19 848	71 022

Certain of the entity's facilities are held to generate rental income. Rental of equipment is expected to generate rental yields of 5% on an ongoing basis. Lease agreement with AfriGold is non-cancellable and have terms from 3 to 6 years. There are no contingent rents receivable.

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30. Contingencies

Contingent liabilities

The Development Agency cannot reliably determine the amount of penalties or interest that would be payable to the Receiver of Revenue as a result of errors made in accounting for vat in prior years. The vat treatment has accordingly been reported and accounted for in prior year audited annual financial statements.

Vodacom		33 069	33 069
Services were provided for telephone and mobile. The account has been long outstanding and has been written off per the statement of account however the debt might be handed over to third party for collection.			
Aurecon		10 130	10 130
<i>Services were provided for legal issues. The account has been long outstanding and has been written off per the statement of account however the debt might be handed over to third party for collection.</i>			
		43 199	43 199

31. Related parties

Relationships		
Directors		Refer to directors' report note
Controlling entity		West Rand District Municipality

Related party balances

Amounts included in Other receivables (Other Payables) regarding related parties

West Rand District Municipality	-	2 200 000
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[State terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement]

[State details of any guarantees given or received]

[State terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement]

[State details of any guarantees given or received]

Amounts included in Trade Payables regarding related parties

Rand West City Local Municipality	3 212 198	3 001 189
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Related party transactions

Subsidy received from related parties

West Rand District Municipality	-	2 200 000
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Subsidy accrued from related parties

West Rand District Municipality	-	2 200 000
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32. Prior period restatements and errors

Payables from exchange transactions

The entity received an updated statement from Receiver of Revenue with adjusted amounts for PAYE, UIF and SDL which was still being owed to them by West Rand Development Agency.

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32. Prior period restatements and errors (continued)

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	As previously reported	Restatement	Restated
Payables from exchange transactions	(3 164 733)	(129 922)	(3 294 655)
Accumulated deficit	1 721 839	129 922	1 851 761
	(1 442 894)	-	(1 442 894)

33. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

34. Going concern

We draw attention to the fact that at 30 June 2020, the entity's total current liabilities exceed its current assets by R 3,061,725 indicating that the entity is technically insolvent. The directors of the entity are working tirelessly to improve the financial situation.

We draw attention to the fact that at 30 June 2020, the entity had an accumulated surplus (deficit) of R (6 269 740) and that the entity's total assets exceed its liabilities by R 8 308 788.

The annual financial statements are not prepared on the basis of accounting policies applicable to a going concern. The Council of the Parent municipality approved an item on 29 June 2020 to disestablish the entity through an unwinding process. The Service Delivery Agreement entered into between the entity and its Parent municipality, in terms of Section 76(b) of the Local Government: Municipal Systems Act, 2000, for the promotion of economic development in the West Rand, be terminated in terms of the provisions of the Service Delivery Agreement. The functions currently performed by the entity including personnel, assets and other resources must be transferred to the Parent municipality. A maximum period of six (6) months i.e. up to the end of 31 December 2020 is provided/allowed for the transfer of personnel and other resources from the entity to the Parent municipality. This period may be extended at the end of the period depending on the progress of the unwinding process. The Department of Planning and Re-industrialisation be the lead Department for the unfolding of the necessary processes and the transfer of the function back into the Parent municipality. Approval has been granted for the extension of four (4) board members' term of office up to 31 December 2020 to allow the board to function during the unwinding process.

35. Events after the reporting date

An item has been tabled to Council of the Parent Municipality on 29 June 2020 based on decision to disestablish the entity due to its financial difficulties. A process of winding up the entity was incorporated in the item tabled to Council. Nine (9) board members were deregistered from being the directors of the entity subsequent to their term of office coming to end on 30 June 2020.

36. Fruitless and wasteful expenditure

Opening balance as previously reported	381 582	381 582
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37. Irregular expenditure

Opening balance	214 940	214 940
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38. Additional disclosure in terms of Municipal Finance Management Act

Companies and Intellectual Property Commission

Current year subscription / fee	100	150
Amount paid - current year	(100)	(150)
	-	-

Payment to Companies and Intellectual Property Commission relates to the filing of annual returns which were outstanding in prior years.

Audit fees

Opening balance	4 655	33
Current year - invoices	374 602	38 704
Amount paid - current year	(372 742)	(34 082)
	6 515	4 655

PAYE and UIF

Opening balance	129 922	-
Current year subscription / fee	455 097	489 768
Amount paid - current year	(585 019)	(489 768)
Amount paid - previous years	-	129 922
	-	129 922

SARS instructed a debit order from the entity's FNB bank account on 28 February 2020. A query was lodged with SARS and this is due to the revised statements sent to the entity on amount owed in prior years.

VAT

VAT receivable	(4 510 451)	(4 114 863)
VAT payable	6 140 271	5 797 411
	1 629 820	1 682 548

39. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the board and includes a note to the annual financial statements.